

**COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH**

**FACT SHEET**

**REQUEST AUTHORIZATION TO RETROACTIVELY AMEND PEDIATRIC AND  
FAMILY MEDICAL CENTER'S AGREEMENT FOR FISCAL YEAR 2006-07  
(SUPERVISORIAL DISTRICT 1)  
(3 VOTES)**

**SUBJECT**

Request approval to amend retroactively the Department of Mental Health Legal Entity Contract with Pediatric and Family Medical Center dba Eisner Pediatric and Family Medical Center to increase the Maximum Contract Amount by \$9,784 for Fiscal Year 2006-07.

**REQUEST**

Approve and instruct the Director of Mental Health, or his designee, to sign and execute Amendment to Contract No. MH120117 with Pediatric and Family Medical Center dba Eisner Pediatric and Family Medical Center (Eisner) for Fiscal Year (FY) 2006-07. The Amendment will be effective May 20, 2008, and will increase the Maximum Contract Amount (MCA) for Eisner for FY 2006-07 by \$9,784 from \$720,000 to \$729,784 and will be funded by Federal Financial Participation (FFP) Medi-Cal revenue of \$4,892, Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) State General Funds (SGF) of \$4,176 and matching County General Funds (CGF) of \$716.

**PURPOSE/JUSTIFICATION**

The Department of Mental Health (DMH) pays contractors for services provided to Short-Doyle/Medi-Cal (SD/MC) eligible clients based on approved claims from the State. All claims submitted by DMH to the State are accompanied by a DMH certification on a standard State form that the claims represent medically necessary services to Medi-Cal beneficiaries. The certification also states that the County has sufficient funds to pay the local match.

Under normal circumstances, the Department, upon reaching the contract maximum for any contract provider, would wait until the cost settlement process to make additional payments either within its delegated authority and/or through a Board approved amendment.

However, the State notified the Department on May 29, 2008, that if, by Monday, June 2, the Department was unable to certify that it had actually paid all claims that had been

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processed and approved by the State for Fiscal Year 2006-07, the State would be unable to release any additional monies to the County for that fiscal year until 1) the full certification could be made and 2) the State's Fiscal Year 2008-09 budget was adopted.

At the time, the State was holding approximately \$96.6 million in Federal funds due to the County related to FY 2006-07 claims, resulting in a loss of interest to the County of approximately \$8,500 per day based on the treasury pool rates at the time.

In order to meet the State's deadline, DMH made payments to providers for all the FY 2006-07 SD/MC approvals up to the existing MCA in their LE Agreements. To make additional payments beyond the MCA, DMH amended the LE Agreements, where necessary, to increase the MCA up to the 20% increase allowed under delegated authority from the Board. The last Board approved MCA of \$600,000 for Eisner was increased by 20% to \$720,000 via an Amendment. However, in order to meet the State's requirements for certification of the full amount adjudicated, the Department determined that it was in the best interest of the County to pay Eisner the full \$129,784 for services rendered and to file a letter with your Board at the earliest possible date to request retroactive approval of the attached amendment to increase the MCA by \$9,784 to \$729,784 to cover contractually the \$9,784 paid to Eisner.

On June 25, 2008, DMH presented this proposed action to the Retroactive Contracts Review Committee. The Committee agreed that given the circumstances, DMH's decision to move forward with payment prior to Board approval was appropriate. However, the Committee expressed three primary concerns: 1) that the State process forced the Department into an "all or nothing" scenario; 2) how the Department intends to prevent future instances of contractors exceeding their contract maximums; and 3) that the State has not been timely in reimbursing the County federal funds owed.

DMH does not expect a similar instance to occur in the future since, on a go-forward basis, the Department will have additional options available to it to remedy the situation and/or to obtain Board approval prior to making any payment. DMH is reviewing alternative methods for approving and authorizing payments to contractors that would help ensure that contractors stay within their maximum contract amounts. DMH, the Chief Executive Office and County Counsel will also review any potential legislative or legal solutions to ensure that federal funds are reimbursed to the County in a timely fashion.

There is no impact on net County cost. The amendment in the amount of \$9,784 was fully funded with FFP Medi-Cal revenue totaling \$4,892, EPSDT SGF totaling \$4,176,



and CGF totaling \$716 from appropriation contained within the Department's FY 2007-08 Final Adopted Budget.

**CONTRACTOR**

Eisner is a private, non-profit health center dedicated to providing high quality medical and dental care, mental health services, children's day care and early intervention programs to residents on the southern-most edge of downtown Los Angeles and is located at 1500 South Olive Street, Los Angeles, California 90015, in Supervisorial District 1, Mental Health Service Area 4.

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**APPROVED BY:**

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